

ACCOUNTANT'S AUDIT REPORT

TOWN OF TIPTON

JUNE 30, 2014

BY



Town of Tipton
Tipton, Oklahoma
Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Tipton
Tipton, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tipton, Oklahoma (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion

Management has not fulfilled the sinking fund requirements for their Sales Tax Revenue Note Series 2009. We are not able to determine the effects of this departure on the financial statements taken as a whole.

Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities (modified accrual basis), each major fund, and the aggregate remaining fund information of the town of Tipton, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 3.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

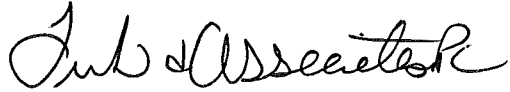
The budgetary comparison information and related notes are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. The Schedule of Revenue, Expenditures and Changes in Fund Balance for the Special Revenue Funds are other supplemental information. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

Basis of Accounting

As discussed in Note 3, the Town prepares its financial statements on the modified cash basis for governmental activities and the modified accrual basis for the enterprise fund which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014, in our consideration of the Town of Tipton’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts,

and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink, appearing to read "Furrrh & Associates, PC". The signature is fluid and cursive, with the company name written in a stylized manner.

FURRH & ASSOCIATES, PC
Certified Public Accountants
September 17, 2014

Town of Tipton, OK

Statement of Net Assets (Modified Accrual Basis)

June 30, 2014

	Primary Government		
	Business		
	Governmental	Type	
	Activities	Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 36,646	\$ 81,910	\$ 118,556
Capital Assets, Net of Accum. Depr.	181,538	1,532,304	1,713,842
Due from Other Funds	1,520	8,240	9,760
Bond Issue Costs, Net of Accum. Amort.	0	4,071	4,071
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 219,704	\$ 1,626,525	\$ 1,846,229
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Note Payable	\$ 0	\$ 348,895	\$ 348,895
Bonds Payable	0	45,924	45,924
Payroll Taxes Payable	8,642	2,295	10,937
	<hr/>	<hr/>	<hr/>
Total Liabilities	8,642	397,114	405,756
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	181,538	1,137,485	1,319,023
Restricted	0	27,950	27,950
Unrestricted	29,524	63,976	93,500
	<hr/>	<hr/>	<hr/>
Total Net Assets	211,062	1,229,411	1,440,473
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 219,704	\$ 1,626,525	\$ 1,846,229
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to the financial statements.

Town of Tipton, OK

Statement of Activities

(Modified Accrual Basis)

Year Ended June 30, 2014

Primary Government	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	Primary Government		
					Governmental Activities	Business Type Activities	Total
Governmental Activities:							
General Government Fund	\$ 315,733	\$ 150	\$ 0	\$ 17,784	\$ (297,799)		\$ (297,799)
Other Governmental Funds	23,117	8,684	5,000	0	(9,433)		(9,433)
Total Governmental Activities	338,850	8,834	5,000	17,784	(307,232)		(307,232)
Business Type Activities:							
Public Works Authority	449,851	393,821	0	0		\$ (56,030)	(56,030)
Airport Authority	2,947	26,915	0	0		23,968	23,968
Total Business Type Activities	452,798	420,736	0	0		(32,062)	(32,062)
Total Primary Government	\$ 791,648	\$ 429,570	\$ 5,000	\$ 17,784			
General Revenue							
Taxes							
Sales & Use Taxes					129,377	0	129,377
Tobacco Tax					1,439	0	1,439
Franchise Taxes					25,171	0	25,171
Alcoholic Beverage Tax					13,567	0	13,567
Motor Vehicle Tax					6,389	0	6,389
Investment Income					4	60	64
Miscellaneous					10,580	0	10,580
Transfers					(4,212)	4,212	0
Total General Revenue					182,315	4,272	186,587
Change in Net Assets					(124,917)	(27,790)	(152,707)
Net Assets, June 30, 2013					335,979	1,257,201	1,593,180
Net Assets, June 30, 2014					\$ 211,062	\$ 1,229,411	\$ 1,440,473

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 17,215	\$ 19,431	\$ 36,646
Due from Other Funds	<u>0</u>	<u>1,520</u>	<u>1,520</u>
 Total Assets	 <u>\$ 17,215</u>	 <u>\$ 20,951</u>	 <u>\$ 38,166</u>
 <u>Liabilities and Fund Balances</u>			
Payroll Taxes Payable	<u>\$ 8,642</u>	<u>0</u>	<u>8,642</u>
 Total Liabilities	 8,642	 0	 8,642
 Fund Balances			
Unreserved	<u>8,573</u>	<u>20,951</u>	29,524
 Total Liabilities and Fund Balances	 <u>\$ 17,215</u>	 <u>\$ 20,951</u>	

Reconciliation to Statement of Net Assets

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital Assets used in governmental activities of
\$242,628, Net of Accumulated Depreciation of
\$61,090, are not financial resources and, therefore,
are not reported in the funds.

181,538

Net Assets of Governmental Activities

\$ 211,062

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 155,798	\$ 20,145	\$ 175,943
Miscellaneous	10,580	0	10,580
Contributions	0	5,000	5,000
Charges for Services	150	3,299	3,449
Cemetery Revenue	0	3,205	3,205
Fines and Forfeitures	0	2,180	2,180
Investment Income	4	0	4
	<hr/>	<hr/>	<hr/>
Total Revenue	166,532	33,829	200,361
<u>Expenditures</u>			
General Government:			
Personnel Services	134,815	0	134,815
Materials and Supplies	153,272	0	153,272
Capital Outlay	0	0	0
Street and Public Works	0	12,604	12,604
Cemetery	0	5,177	5,177
Swimming Pool	0	4,279	4,279
Municipal Court	0	1,057	1,057
	<hr/>	<hr/>	<hr/>
Total Expenditures	288,087	23,117	311,204
<u>Revenue Over (Under) Expenditures</u>	(121,555)	10,712	(110,843)
<u>Other Financing Sources (Uses)</u>			
Grant Revenue	17,784	0	17,784
Grant Expenditures	(17,784)	0	(17,784)
Transfers In	28,727	2,689	31,416
Transfers Out	(22,168)	(13,460)	(35,628)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	6,559	(10,771)	(4,212)
<u>Net Changes in Fund Balance</u>	(114,996)	(59)	(115,055)
<u>Fund Balance, June 30, 2013</u>	123,569	21,010	144,579
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2014</u>	\$ 8,573	\$ 20,951	\$ 29,524
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to financial statements.

Town of Tipton, OK

Enterprise Funds

Statement of Net Assets

(Modified Accrual Basis)

Year Ended June 30, 2014

	Tipton Public Works Authority	Tipton Airport Authority	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 39,962	\$ 13,998	\$ 53,960
Cash - Restricted	27,950	0	27,950
Total Current Assets	67,912	13,998	81,910
Noncurrent Assets			
Capital Assets	2,360,661	95,869	2,456,530
Accumulated Depreciation	(920,217)	(4,009)	(924,226)
Total Noncurrent Assets	1,440,444	91,860	1,532,304
Other Assets			
Due to PWA	8,240	0	8,240
Bond Issue Costs, Net of Amortization	4,071	0	4,071
Total Net Assets and Liabilities	<u>\$ 1,520,667</u>	<u>\$ 105,858</u>	<u>\$ 1,626,525</u>
<u>LIABILITIES</u>			
Current Liabilities			
Bonds Payable - Current Portion	\$ 14,420	\$ 0	\$ 14,420
Notes Payable - Current Portion	17,118	0	17,118
Payroll Liabilities	2,295	0	2,295
Total Current Liabilities	33,833	0	33,833
Long Term Liabilities			
Bonds Payable	31,504	0	31,504
Notes Payable	331,777	0	331,777
Total Long Term Liabilities	363,281	0	363,281
Total Liabilities	397,114	0	397,114
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Debt	1,045,625	91,860	1,137,485
Restricted	27,950	0	27,950
Unrestricted	49,978	13,998	63,976
Total Net Assets	1,123,553	105,858	1,229,411
Total Net Assets and Liabilities	<u>\$ 1,520,667</u>	<u>\$ 105,858</u>	<u>\$ 1,626,525</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Enterprise Funds
Statement of Revenue, Expense, and Changes in Fund Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2014

	Tipton Public Works Authority	Tipton Airport Authority	Total
<u>Operating Revenue</u>			
Water Revenue Charges	\$ 195,242	\$ 0	\$ 195,242
Garbage Revenue Charges	136,035	0	136,035
Sewer Waste Charges	59,950	0	59,950
Airport Revenue	0	26,915	26,915
Miscellaneous Revenue	2,594	0	2,594
Total Operating Revenue	393,821	26,915	420,736
<u>Operating Expense</u>			
Personnel Expenses	191,527	0	191,527
Trash Service Purchased	73,455	0	73,455
Supplies, Maintenance and Repairs	64,082	1,815	65,897
Depreciation	50,064	400	50,464
Water Purchase	31,917	0	31,917
Interest Expense	20,677	0	20,677
Utilities	18,129	732	18,861
Total Operating Expense	449,851	2,947	452,798
Net Operating Revenue (Loss)	(56,030)	23,968	(32,062)
<u>Nonoperating Revenue (Expense)</u>			
Interest Income	60	0	60
Transfers In	47,809	0	47,809
Transfers Out	(13,300)	(30,297)	(43,597)
Net Nonoperating Revenue (Loss)	34,569	(30,297)	4,272
<u>Net Revenue (Loss)</u>	(21,461)	(6,329)	(27,790)
<u>Total Net Assets, June 30, 2013</u>	1,145,014	112,187	1,257,201
<u>Total Net Assets, June 30, 2014</u>	<u>\$ 1,123,553</u>	<u>\$ 105,858</u>	<u>\$ 1,229,411</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK

Enterprise Funds

Statement of Cash Flows

(Modified Accrual Basis)

Year Ended June 30, 2014

<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided by Operating Activities</u>	Tipton Public Works Authority	Tipton Airport Authority	Total
Net Income	\$ (56,030)	\$ 23,968	\$ (32,062)
Adj. to Reconcile Operating Inc. to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	50,064	400	50,464
(Increase)/Decrease in Due from Other Funds	(8,240)	0	(8,240)
Increase/(Decrease) in Payroll Liabilities	2,295	0	2,295
Net Cash Provided by Operating Activities	(11,911)	24,368	12,457
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on Capital Debt	(29,288)	0	(29,288)
Net Transfers between funds	34,509	(30,297)	4,212
Net Cash Provided (Used) by Capital and Related Financing Activities	5,221	(30,297)	(25,076)
<u>Cash Flows from Investing and Related Financing Activities</u>			
Interest Income	60	0	60
Net Cash Provided (Used) by Investing and Related Financing Activities	60	0	60
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(6,630)	(5,929)	(12,559)
<u>Cash and Cash Equivalents, June 30, 2013</u>	74,542	19,927	94,469
<u>Cash and Cash Equivalents, June 30, 2014</u>	<u>\$ 67,912</u>	<u>\$ 13,998</u>	<u>\$ 81,910</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from Customers	324,181	26,915	351,096
Payments to Suppliers	(212,199)	(2,547)	(214,746)
Payments to Employees	(123,893)	0	(123,893)
Net Cash Provided by Operating Activities	<u>\$ (11,911)</u>	<u>\$ 24,368</u>	<u>\$ 12,457</u>

Please see accompanying notes to the financial statements.

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

For financial reporting purposes the Town of Tipton, Oklahoma (the Town), includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive or legislative branches. Control by or dependence on the Town was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on an overall evaluation of the foregoing criteria, the Tipton Public Works Authority (the Authority) is included in the Town's annual report. The Authority is a public trust created under Title 60 of the Oklahoma Statutes. The Town is sole beneficiary of the trust which was organized to provide gas utility services to the residents of the Town. The Authority's governing body is the current members of the Town's Board of Trustees. The Authority is accounted for as the Town's Enterprise Fund in these financial statements.

Note 2 -Fund Accounting

The accounts of the Town are organized on a basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are classified as governmental, proprietary, and fiduciary fund types. The following fund types are used by the Town.

1. Governmental Fund Types

(a) General Fund

The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the General Fund.

(b) Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes. The only special revenue fund is the Street and Alley Fund.

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

2. Proprietary Fund Types

(c) Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The Tipton Public Works Authority and the Airport Fund are accounted for as the Town's Enterprise Funds. The Tipton Public Works Authority provides water, wastewater, and sanitation services to the public. The Airport Fund owns and leases land for agricultural purposes and provides facilities for aircraft owners and users.

Note 3 - Basis of Accounting

The Town uses the modified cash basis of accounting for its governmental funds for preparing its financial statements. Generally accepted accounting principles would require the Town to use the accrual basis of accounting and to report its assets and infrastructures in its financial statements. The Town has elected to not follow generally accepted accounting principles and to continue to use the modified cash basis of accounting.

Basis of accounting refers to the time when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied.

The modified cash basis of accounting is utilized by all governmental type funds of the Town, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this modified cash basis of accounting, revenues are recorded when received and expenditures are recorded when paid. In accordance with generally accepted accounting principles, governmental fund types and agency funds would utilize the modified accrual basis of accounting.

The accounting records of the Enterprise Fund are kept on a modified accrual basis of accounting, under which customer revenues are recorded when measurable and billable, other revenues are recorded when received, and expenses are recorded when the liability is incurred. Uncollectible accounts receivable are charged to provision for bad debts at the time the accounts are estimated to be uncollectible, based upon an age analysis of the accounts.

If the books of the governmental fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recorded when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current fund liability is incurred. If the books of the proprietary fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recognized when earned and expenses would be recorded when the liability is incurred.

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The modified cash basis of accounting is an acceptable method of accounting under the budgetary laws of the State of Oklahoma.

Note 4 - Reserves of Fund Equity

Reserves are recorded to signify that a portion of the fund equity is legally segregated for future use or is not available for appropriation or expenditure.

Note 5 - Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) to be cash equivalents.

Certificates of deposit and other time deposits with a maturity or availability date of 90 days or less are considered cash equivalents.

Cash and Cash Equivalents as of June 30, 2014 are as follows:

First National Bank Altus, OK	
Tipton Public Works Authority - Reserve	\$ 36,919
Tipton Public Works Authority - Meter Deposits	27,635
Airport Rental Fund - Checking	13,998
General Fund - Checking	8,335
General Fund - Payroll Account	6,722
Street and Alley Fund - Checking	6,521
Sidewalk to School Fund - Checking	6,500
Cemetery Care Fund - Checking	3,676
Tipton Public Works Authority - Checking	3,043
Street Lighting Reserve - Checking	2,193
Worker's Compensation - Checking	1,881
Municipal Court Fund - Checking	541
Tipton PWA Sinking Fund - Checking	315
Insurance - Checking	<u>277</u>
Total	<u><u>\$ 118,556</u></u>

The cash on deposit with the First State Bank of Altus, Oklahoma, is covered by F.D.I.C. insurance (up to \$250,000.00).

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Oklahoma statutes generally provide for investment of excess funds in the following:

1. Direct obligations of the United States Government.
2. Certificates of deposit of savings and loan associations, banks, and trust companies when the certificates of deposit are secured by acceptable collateral.
3. Savings accounts or savings certificates of savings and loan associations, banks, and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Government.
4. Negotiable certificates of deposits, prime bankers acceptance, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments must be fully collateralized in investments specified in paragraphs 1 through 3 above.

Public trusts, such as the Tipton Public Works Authority, may invest funds as directed by the trustees. The limitations noted above do not apply.

The Oklahoma statutes generally provide that collateral to secure deposits of public funds must be:

1. U.S. Treasury bonds, notes or certificates.
2. State of Oklahoma bonds, notes or certificates.
3. Bonds issued by any county in Oklahoma.
4. Bonds issued by any school district or board of education in Oklahoma.
5. Bonds issued by any city or town where an ad valorem tax levy is pledged to the payment.
6. A surety bond.

Note 6 -Fixed Assets

Prior year expenditures for property and equipment of governmental fund types were recorded as fund expenditures; however, no detailed fixed asset records were maintained for such assets still in service.

Beginning in the year 2004/2005, in accordance with Governmental Accounting Standards Board Statement No. 34, the Town reports capital assets resulting from cash transactions and reports depreciation where appropriate.

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 242,628	\$ 51,228
Additions	0	9,862
Total	242,628	61,090
Disposals	0	0
Balance, June 30, 2014	<u>\$ 242,628</u>	<u>\$ 61,090</u>

Depreciation rates were applied as follows:

Buildings and Streets	2.50% - 5.00%
Equipment	10.0% - 20.0%

Depreciation for the current year was \$9,862, which was charged against governmental operations.

Certain fixed assets acquired by the Enterprise Fund have been capitalized as property and equipment within the Fund, and contain a provision for depreciation expense. Depreciation has been provided over the estimated useful lives using the straight-line method.

Changes in fixed assets of the Enterprise Funds during the year ended June 30, 2014, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 2,456,530	\$ 873,762
Additions	0	50,464
Total	2,456,530	924,226
Disposals	0	0
Balance, June 30, 2014	<u>\$ 2,456,530</u>	<u>\$ 924,226</u>

Depreciation rates were applied as follows:

Machinery and Equipment	14.00% - 25.00%
Water System	2.00% - 2.50%

Depreciation for the current year was \$50,464, which was charged to current operations.

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The Town and Authority have adopted a capitalization policy of recording only items costing \$500 or more per unit for depreciation purposes.

Note 7 - Inventories

The Town records materials and supplies inventory as expenditures at the time the inventory is purchased and at year-end such inventories are not considered material in amount. Therefore, no inventory balances for materials and supplies not yet consumed are reported in the basic financial statements.

Note 8 - Budgetary Accounting and Control

The Town's budgetary accounting and control procedures are discussed in the notes to supplementary information.

Note 9 - Compensated Absences

Under personnel policies, the Town and Authority employees are granted vacation and sick leave in varying amounts. In addition, the employees are allowed to accumulate up to 325 days sick leave. In the event of termination, an employee is not paid for accumulated sick leave. Vacation must be taken each year. The Town records compensated absence costs at the time the claim is paid. At June 30, 2014, the Town and the Authority had a combined unrecorded compensated absence liability of approximately \$7,305.

Note 10 - Pension

Effective January 1, 1996, the Town sponsored an employee retirement plan through the Oklahoma Municipal Retirement System. Employees of the Authority are included in the plan. Eligible employees include all regular, full-time employees except any policemen, firemen, and any other employees covered under a state retirement system. Eligible employees must be less than age 60 at date of hire. All eligible employees are required to participate in the plan as a condition of employment. Employees are fully vested in the plan after five (5) years of vesting service. Benefits are computed at 1.125% of final average compensation multiplied by the number of years of credited service. Final average compensation is the average of the five highest consecutive annual salaries out of the last ten calendar years of service. Normal retirement age is age 65 or completion of vesting service, if later.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The pension benefit obligation of expected benefits as computed by Dean and Company, Consulting Actuaries, was as follows:

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Actuarial Liability	\$ 221,770
Value of Assets Available for Benefits at 12/31/13	<u>126,819</u>
Underfunded Pension Benefit Obligation	<u><u>\$ 94,951</u></u>

Plan contributions for the year 2013/2014 were 7.34% of gross payroll of eligible employees; 2.25% from employees through payroll deductions, and 5.09% employer matching contributions.

The covered payroll for the period 7/1/13-6/30/14 was approximately \$2277,013. Covered payroll refers to all compensation paid by the Town to active employees covered by the plan on which contributions are based.

The actuarial report can be obtained from:

Dean Actuaries, LLC
5646 Milton Street, Suite 210
Dallas, Texas 75206

Note 11 - General Long-Term Debt

The Authority was liable under a long-term loan agreement with United States Department of Agriculture. The balance under the original contract was payable in monthly installments of \$2,848. The principal balance due on June 30, 2014, was \$348,895.

Changes in total long-term debt for the current year were as follows:

Balance, June 30, 2013	\$ 365,281
Less, Principal Payments	<u>(16,386)</u>
Balance, June 30, 2014	<u><u>\$ 348,895</u></u>

The principal maturities for the succeeding five years and thereafter on the long-term debt will be approximately as follows:

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2015	\$ 17,118	\$ 17,058	\$ 34,176
June 30, 2016	19,931	14,245	34,176
June 30, 2017	20,291	13,885	34,176
June 30, 2018	21,556	12,620	34,176
June 30, 2019	22,659	11,517	34,176
Remaining Years	247,340	173,618	420,958
 Total	 \$ 348,895	 \$ 242,943	 \$ 591,838

The Authority has entered into an agreement to borrow \$111,565 on Sales Tax Revenue Note, Series 2009. Payments began December 31, 2009 with a principal installment of \$7,330, and semi-annual installments thereafter until paid in full on June 1, 2018. The note bears interest at the rate of 3.99% until June 1, 2010, and 4.99% thereafter until maturity. The note is secured by a pledge of the proceeds of a one-percent (1%) sales tax which expires on October 1, 2018.

The amount required to retire the indebtedness for each of the next five years and for each five year period until maturity is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2015	\$ 14,420	\$ 3,006	\$ 17,426
June 30, 2016	15,160	2,266	17,426
June 30, 2017	15,940	1,486	17,426
June 30, 2018	404	124	528
 Total	 \$ 45,924	 \$ 6,882	 \$ 52,806

The Town entered into a long term lease with Quality Implement Co. for a John Deere Rotary Cutter. The contract is payable in monthly installments of \$171 for 36 months starting on April 22, 2013. The amount of lease payments due on June 30, 2014, was \$5,755.

Note 12 – Risk Management

The Town and the Authority are exposed to various risks of loss related to torts; theft of; damage to; or destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town manages these various risks of loss by purchasing the following insurance coverage.

- Workers Compensation and Employer Liability
- Comprehensive General Liability
- Comprehensive Auto Liability
- Buildings and Contents Property Damage
- Automobile Physical Damage

Town of Tipton, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Equipment Physical Damage
Fire Equipment Liability and Physical Damage
Fire Vehicle Liability
Public Official Position Bonds

In doing so, each incidence may have a nominal deductible amount that is uninsured, but no material risk of loss is retained.

Note 13 - Public Entity Risk Pool

The Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract agreements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 a.m. July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

A municipality may apply and enter into agreement with the Plan to participate in the coverages and services that the Plan offers as outlined above. Upon acceptance into the Plan, a participant has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, a participant in the Plan is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have a right to the return of a Loss Funds set aside for claims, which have not been paid out as benefits.

The following list of funds is 010 being held by the Group for your municipality. These funds represent both current and past plan year participation with the Loss Fund balances in respect to your workers' compensation retention. Comp Source Oklahoma provides coverage in excess of these respective retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of Comp Source Oklahoma to honor its obligation could result in losses to the Plan. However, OMAG's evaluation of the financial condition of Comp Source Oklahoma indicates that Comp Source Oklahoma is presently sound and will be able to meet its contractual obligations.

MLPP Premium Due	\$4,110
Loss Fund Available:	
Year 2011	\$ 126
Year 2012	990
Year 2013	1,480

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Town of Tipton
Tipton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Tipton, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Tipton, Oklahoma's basic financial statements, and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Tipton, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did identify two deficiencies in internal control that we consider to be material weaknesses. Finding 14-1 and 14-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Tipton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Finding 14-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



FURRH & ASSOCIATES, PC

Certified Public Accountants

September 17, 2014

Town of Tipton, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2014

Reportable Conditions of Internal Control, Compliance and Other Matters

- 14-1. Condition – The Town violated Article VII Section 7.03 of Note Indenture for Sales Tax Revenue Note Series 2009.

Criteria – The Town is required to deposit monthly 25% of the sales tax revenue in to a sinking fund to service the bond payable.

Cause and Effect – Because the Town only deposited monies into the fund three (3) times during the fiscal year ending June 30, 2014, the sinking fund is short \$12,148.

Recommendation – We recommend that the Town deposit the \$12,148 shortage immediately and put procedures in place to comply with the note Indenture documents.

Management response – Management agrees.

- 14-2. Condition – IRS forms 941 for 1st and 2nd quarter 2014 were mailed late.

Criteria – The Internal Revenue Service requires payroll form 941 to be mailed in each quarter.

Cause and Effect – The Town is subject to penalties for late filing of form 941.

Recommendation – We recommend that the Town put procedures in place to ensure that payroll reports are timely submitted. This may include hiring an outside accountant to prepare payroll.

Management response – Management agrees.

- 14-3. Condition – Three (3) bank accounts were closed without council approval.

Criteria – Per the Town's by-laws, the Town council must approve the opening or closing of any bank account.

Cause and Effect – Due to a lack of communication, the town clerk closed three (3) accounts without approval of the Council.

Recommendation – We recommend that all future bank account closing be approved by council.

Management response – Management agrees.

Town of Tipton, OK
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Sales Tax	\$ 125,000	\$ 119,320	\$ 5,680
Alcohol Beverage Tax	14,000	13,567	433
Franchise Tax	13,000	11,415	1,585
Use Tax	10,000	10,057	(57)
Miscellaneous Revenue	10,000	10,580	(580)
Dues, Donations, Fund Raising	950	150	800
Grant Revenue	0	17,784	(17,784)
Tobacco Tax	2,000	1,439	561
Interest Earned	50	4	46
	<hr/>	<hr/>	<hr/>
Total Revenue	175,000	184,316	(9,316)
<u>Expenditures</u>			
Personnel Services	140,000	134,815	5,185
Materials and Supplies	160,000	153,272	6,728
Capital Outlay / Grant Expenses	3,569	17,784	(14,215)
	<hr/>	<hr/>	<hr/>
Total Expenditures	303,569	305,871	(2,302)
	<hr/>	<hr/>	<hr/>
<u>Revenue Over (Under) Expenditures</u>	(128,569)	(121,555)	(7,014)
<u>Other Financing Sources (Uses)</u>			
Transfer In	30,000	28,727	1,273
Transfer Out	(25,000)	(22,168)	(2,832)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	5,000	6,559	(1,559)
	<hr/>	<hr/>	<hr/>
<u>Revenue and Other Sources Over (Under)</u>			
<u>Expenditures and Other Uses</u>	(123,569)	(114,996)	(8,573)
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2013</u>	123,569	123,569	0
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 8,573	\$ (8,573)
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Notes to Required Supplemental Information
Year Ended June 30, 2014

Note 1 - Notes to Required Supplemental Information

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Other Services and Charges
4. Capital Outlays
5. Debt Service

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The Town prepares an annual operating budget for its General Fund and Special Revenue Funds. The operating budgets of the grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

Town of Tipton, OK
Nonmajor Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2014

	Street and Alley Fund	Street Lights Fund	Municipal Court Fund	Cemetery Care Fund	Swimming Pool	Sidewalk to School Fund	Total Nonmajor Governmental Funds
<u>Assets</u>							
Cash in Bank	\$ 6,521	\$ 2,193	\$ 541	\$ 3,676	\$ 0	\$ 6,500	\$ 19,431
Due from Other Funds	0	0	0	0	1,520	0	1,520
Total Assets	<u>\$ 6,521</u>	<u>\$ 2,193</u>	<u>\$ 541</u>	<u>\$ 3,676</u>	<u>\$ 1,520</u>	<u>\$ 6,500</u>	<u>\$ 20,951</u>
<u>Liabilities</u>							
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fund Equity</u>							
Fund Balance:							
Unreserved	6,521	2,193	541	3,676	1,520	6,500	20,951
Total Liabilities and Fund Equity	<u>\$ 6,521</u>	<u>\$ 2,193</u>	<u>\$ 541</u>	<u>\$ 3,676</u>	<u>\$ 1,520</u>	<u>\$ 6,500</u>	<u>\$ 20,951</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2014

	Street and Alley Fund	Street Lights Fund	Municipal Court Fund	Cemetery Care Fund	Swimming Pool	Sidewalk to School Fund	Total Nonmajor Governmental Funds
<u>Revenue</u>							
Cemetery Revenue	\$ 0	\$ 0	\$ 0	\$ 3,205	\$ 0	\$ 0	\$ 3,205
Contributions	0	0	0	0	0	5,000	5,000
Motor Vehicle Tax	6,389	0	0	0	0	0	6,389
Franchise Revenue	0	13,756	0	0	0	0	13,756
Fines	0	0	2,180	0	0	0	2,180
Pool Revenue	0	0	0	0	3,299	0	3,299
Transfers In	0	189	0	0	2,500	0	2,689
Total Revenue	6,389	13,945	2,180	3,205	5,799	5,000	36,518
<u>Expenditures</u>							
Personnel Services	0	0	0	0	0	0	0
Material and Supplies	6,360	6,244	1,057	5,177	4,279	0	23,117
Other Services and Charges	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0
Transfers Out	1,000	9,140	2,000	1,300	20	0	13,460
Total Expenditures	7,360	15,384	3,057	6,477	4,299	0	36,577
Revenue Over (Under) Expenditures	(971)	(1,439)	(877)	(3,272)	1,500	5,000	(59)
Fund Balance, June 30, 2013	7,492	3,632	1,418	6,948	20	1,500	21,010
Fund Balance, June 30, 2014	\$ 6,521	\$ 2,193	\$ 541	\$ 3,676	\$ 1,520	\$ 6,500	\$ 20,951

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	Street Lights Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Franchise Revenue	\$ 12,000	\$ 13,756	\$ (1,756)
Transfers In	0	189	(189)
Total Revenue	12,000	13,945	(1,945)
<u>Expenditures</u>			
Materials and Supplies	7,000	6,244	756
Capital Outlay	0	0	0
Transfers Out	5,000	9,140	(4,140)
Total Expenditures	12,000	15,384	(3,384)
<u>Revenue Over (Under) Expenditures</u>	0	(1,439)	1,439
<u>Fund Balance, June 30, 2013</u>	0	3,632	(3,632)
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 2,193</u>	<u>\$ (2,193)</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	Municipal Court Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Fines	\$ 4,000	\$ 2,180	\$ 1,820
Transfers In	0	0	0
Total Revenue	4,000	2,180	1,820
<u>Expenditures</u>			
Personnel Services	0	0	0
Materials and Supplies	2,000	1,057	943
Capital Outlay	0	0	0
Transfers Out	2,000	2,000	0
Total Expenditures	4,000	3,057	943
<u>Revenue Over (Under) Expenditures</u>	0	(877)	877
<u>Fund Balance, June 30, 2013</u>	0	1,418	(1,418)
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 541</u>	<u>\$ (541)</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	Cemetery Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Cemetery Revenue	\$ 3,000	\$ 3,205	\$ (205)
Donations	100	0	100
Transfers In	0	0	0
Total Revenue	3,100	3,205	(105)
<u>Expenditures</u>			
Materials and Supplies	5,100	5,177	(77)
Capital Outlay	4,948	0	4,948
Transfers Out	0	1,300	(1,300)
Total Expenditures	10,048	6,477	3,571
		0	
<u>Revenue Over (Under) Expenditures</u>	(6,948)	(3,272)	(3,676)
<u>Fund Balance, June 30, 2013</u>	6,948	6,948	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 3,676</u>	<u>\$ (3,676)</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	Swimming Pool Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Pool Revenue	\$ 3,000	\$ 3,299	\$ (299)
Transfers In	3,000	2,500	500
Total Revenue	6,000	5,799	201
<u>Expenditures</u>			
Personnel Services	1,020	0	1,020
Materials and Supplies	5,000	4,279	721
Transfers Out	0	20	(20)
Total Expenditures	6,020	4,299	1,721
		0	
<u>Revenue Over (Under) Expenditures</u>	(20)	1,500	1,480
<u>Fund Balance, June 30, 2013</u>	20	20	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 1,520</u>	<u>\$ 1,520</u>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	<u>Sidewalk to School Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Donations	\$ 5,000	\$ 5,000	\$ 0
Transfers In	0	0	0
	<hr/>	<hr/>	<hr/>
Total Revenue	5,000	5,000	0
<u>Expenditures</u>			
Materials and Supplies	5,000	0	5,000
Capital Outlay	0	0	0
Transfers Out	0	0	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	5,000	0	5,000
	<hr/>	<hr/>	<hr/>
		0	
<u>Revenue Over (Under) Expenditures</u>	0	5,000	(5,000)
<u>Fund Balance, June 30, 2013</u>	0	1,500	(1,500)
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 6,500	\$ (6,500)
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to the financial statements.

Town of Tipton, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2014

	Street and Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Motor Vehicle Tax	\$ 7,000	\$ 6,389	\$ 611
Miscellaneous Revenue	0	0	0
Total Revenue	7,000	6,389	611
<u>Expenditures</u>			
Materials and Supplies	6,000	6,360	(360)
Capital Outlay	7,450	0	7,450
Transfers Out	1,500	1,000	500
Total Expenditures	14,950	7,360	7,590
		0	
<u>Revenue Over (Under) Expenditures</u>	(7,950)	(971)	(6,979)
<u>Fund Balance, June 30, 2013</u>	7,950	7,492	458
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 6,521	\$ (6,521)

Please see accompanying notes to the financial statements.

Town of Tipton
Tipton, Oklahoma
REAP Grant Tipton - 13
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
Federal Grant	\$ 45,000	\$ 32,466	\$ 12,534	\$ 45,000	\$ 0
Local Funds	0	0	0	0	0
Total Revenues	45,000	32,466	12,534	45,000	0
<u>Expenditures</u>					
Grant Expenses	45,000	32,466	12,534	45,000	0
Total Expenditures	45,000	32,466	12,534	45,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

Town of Tipton
Tipton, Oklahoma
REAP Grant Tipton - 14
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2014

	Budget	Current Year	(Over) Under Budget
<u>Revenue</u>			
Federal Grant	\$ 42,000	\$ 5,250	\$ 36,750
Local Funds	0	0	0
Total Revenues	42,000	5,250	36,750
<u>Expenditures</u>			
Construction Expenses	35,000	0	35,000
Engineering Expenses	7,000	5,250	1,750
Total Expenditures	42,000	5,250	36,750
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ 0	\$ 0

Please see accompanying notes to the financial statements.